Annual Report 2021

The Tax Institute

The home of tax

The Tax Institute is the home of a dedicated Australian tax community. More than 10,000 strong, our members are building the future of the profession.

Business leaders, tax professionals, government employees, students – we amplify voices from across the tax world. We bring like-minded people together and we dedicate ourselves to making the tax profession better every single day.

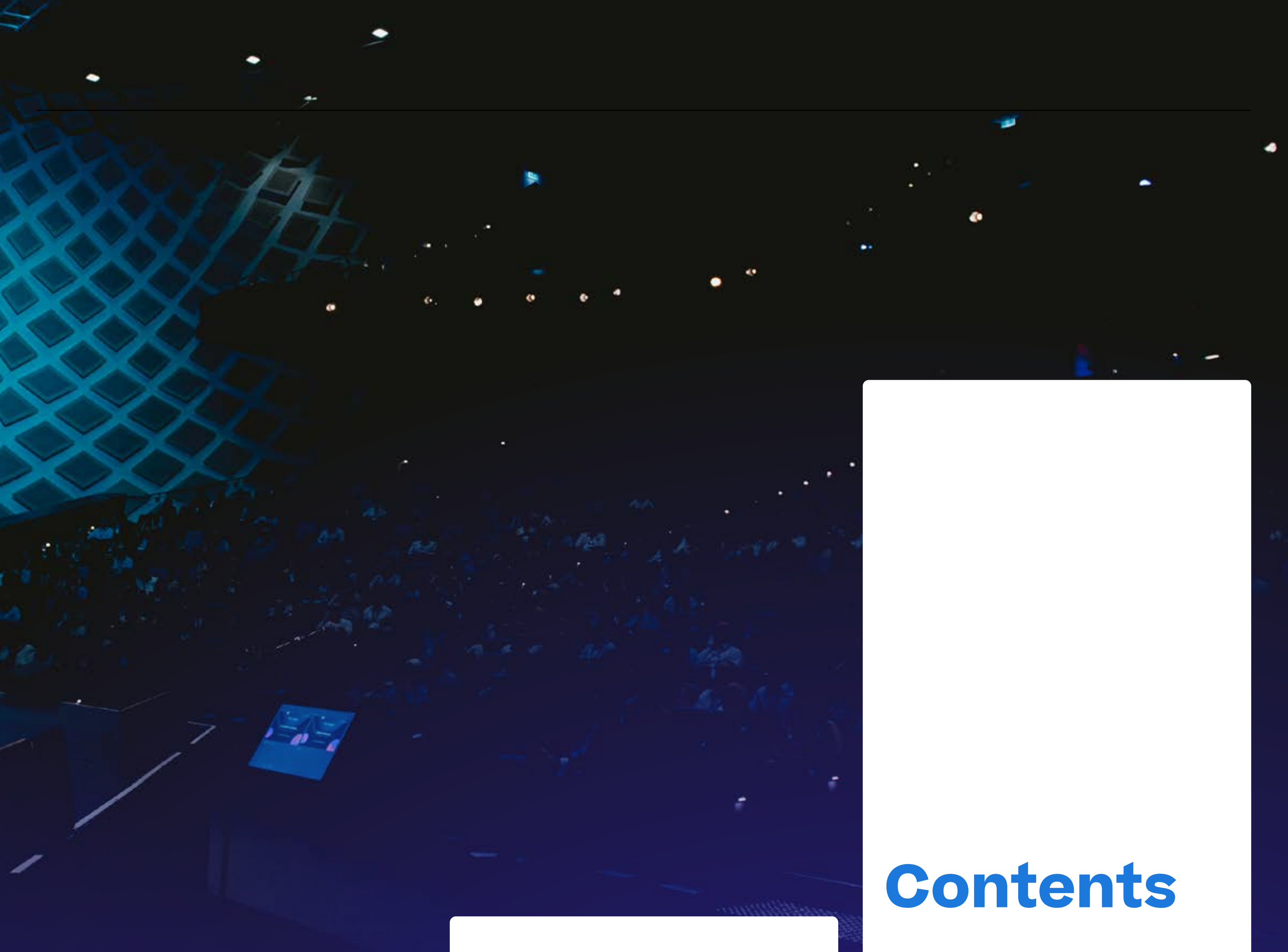
We've been around for more than 78 years and in that time we've educated some of the best minds of tax. We have collected the vast knowledge of thousands of experts – specialist, practical and accurate – then shared it with thousands more.

We've nurtured learners to become leaders. But tax is always changing. And so are we.

Now more than ever, we're working to support our members in a constantly challenging world. From guiding tax professionals through a shifting landscape of policy and technology, to helping them grow into their potential, we're here to serve the tax community.

Advocacy. Connections. Knowledge. Support.
They're at the core of everything we do. And we do all of it with the dedication of our generous members

For more information about The Tax Institute, visit our website at taxinstitute.com.au



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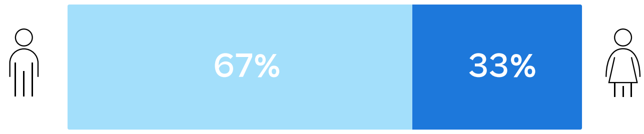
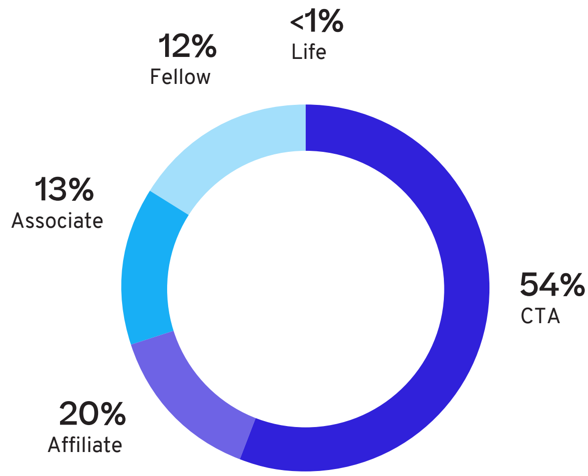
2021 Snapshot

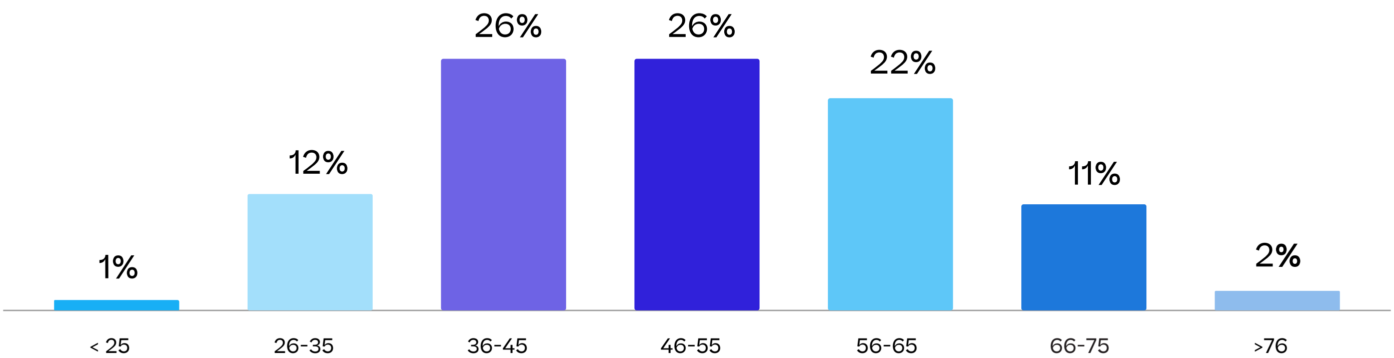
Membership by Gender



Membership by Grade



Membership by Age



Membership Highlights

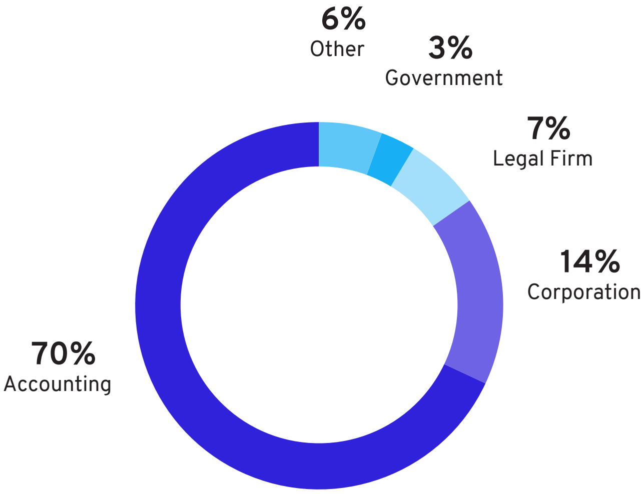
10,265
total members
of The Tax Institute
↑ 914 new members

11,000+
attendees
at CPD events
delivered nationally

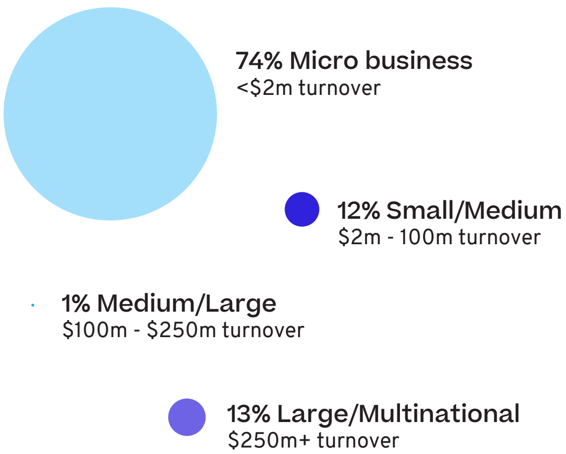
405
mentions
in the media

Membership by Industry

The Tax Institute's membership brings together over 11,000 of Australia's tax specialists and advisers, working in SMEs, Mid-Tier and Big-4 Accountings firms, as wells as Corporate Heads of Tax, Government and Academics.



Membership by size of company



Complaints and disciplinary activity

- 11 members memberships terminated following receipt of TPB notifications that tax agent registrations have been terminated
- 13 members caution following receipt of caution from TPB
- 3 members have ongoing appeals before the AAT

Education Highlights

313
enrolments in CTA3 Advisory

1,841
enrolments in structured education

396
Graduate Diploma of Applied Tax Law (GDATL) enrolments

“A year of successes in a challenging environment.

In a long year of unprecedented change, we have achieved in many ways as we had hoped.”

It goes without saying that the year to 30 June, 2021 presented some of the most unprecedented challenges for The Tax Institute.

The COVID pandemic dramatically changes the way we undertake our most fundamental of activities – knowledge and learning and the delivery of education on our taxation laws and their administration. Whether that be in the way we conduct our CPD events, operate as a higher education provider, or communicate and deal with our members, we were challenged.

But we rose to the challenge and I am extremely proud of the way we did so. Internally, credit goes to our CEO, Giles Hurst and all of our staff for the way they were resilient and accepting of new challenges, delivering on our business goals together, remotely, or in whatever way it took. Well done, and thanks.

To our National and State Councillors and all of our member volunteers, thanks also go to you, for your ongoing and unwavering support of The Tax Institute and the pursuit of our vision.

We are the leading forum for the tax community in Australia. We get there through the delivery of knowledge and learning to our members and all of those who attend our events and participate in our activities. We support our members in many ways, and more new ways in the future. We are also committed to the betterment of the tax profession and working towards a better tax system.

Two major undertakings highlighted our activities during the year. First, The Tax Summit 2020 was the largest event ever undertaken at The Tax Institute. It successfully highlighted what we can achieve by aiming high – 1,500 attendees, seven program streams, leading presenters and an inspiring event for the tax community. Secondly, The Tax Summit: Project Reform and the resulting paper, the Case for Change has become a high point in our contribution to the tax reform debate. The culmination of input from hundreds of volunteer members and interested parties has led to a significant written work that has attracted interest from regulators and the profession. It will create debate and discussion for many years to come as we all strive to have a more equitable, efficient and simple tax system in Australia. This comes within the nominated objectives of The Tax Institute, which include the greater public understanding of taxation, and research into tax reform.

We have a broad and growing education strategy that will take us into the future with much to achieve in online and micro-credentialised learning. More will come of that in 2022.

More noticeably for now, we have invested heavily into the human technical resources we need, introducing extremely capable and experienced practitioners with deep capability to support our technical delivery to our members and our important advocacy work. We are engaging with third parties, including our regulators and administrators, more comprehensively than ever before. This has been an outstandingly positive development for us. There is much to discuss, debate and consult on in order to protect and improve our professional lot and the tax world in which we operate.

Internally, we are investing in technology to drive the future delivery of member benefits. We are introducing a new website that is supported by a large investment in content management. The Tax Institute has decades of valuable knowledge content that remains relevant to our members. Utilising that is a high priority for us. New technologies will also make possible greater interaction amongst members through our community and member online hubs and discussion groups.

We have achieved financial sustainability, which is no mean feat in these COVID-19 affected times. At our board level we have a substantial oversight of our business risks and I can confidently say that we have in place very comprehensive risk management processes.

Our National Council, our Board, has kept its focus on our strategic goals. We have worked with our leadership team to develop a plan for the next few years that will continue our growth in challenging times.

I look forward to seeing our Board continue its great work in the years to come. We have a very talented group of leaders and they always have our members' best interests in mind.

Looking out for and supporting our members is a key strategic goal for us. That support has been evident over the past 12-18 months. A focus on our members, their progression, and well-being will continue. Our volunteer contributors are the life blood to our activities, and having them stay involved and active is what makes Tax Institute vital. We look forward to 2022.

Peter Godber, CTA

“Our progress in this last period has been significant. When viewed through the lens of COVID-19 lockdowns and national crisis it has proved even more so. Our members have led the way in administering business recovery on behalf of their clients and we have in turn furnished them with the tools and technical resources to help them do so. The Institute has proved that it is indeed the home of tax.”

I’m excited to share our 2020/21 Annual Report.

We continue to be the envy of other professional associations as our volunteer model ably demonstrates the power of collective and coordinated action. Support for our members and the specialist tax professionals who look to us for leadership, has never been stronger.

Of particular note has been the proactive investment we have made in deepening our tax technical policy and advocacy bench strength. The Institute has never been better equipped to serve members in this regard and it was this ‘embarrassment of riches’ which led to the Institute launching the Case For Change this year.

2020/21 saw us busier than ever with our events, irrespective of them being enjoyed in person or virtually. The team at the Institute maintained a break-neck pace throughout this period to deliver the relevant and high value content that was required by our members.

It is an exciting time at The Tax Institute in other areas too. We have completed much of the work ahead of launching our new website and begun to develop new educational products and services to meet the changing needs and demands of Australia’s emerging tax professionals.

2020/21 has seen another year of solid financials, a compelling suite of member benefits and a visibly growing level of demand for our event and education offerings. We are optimally placed to move forward from what is undeniably a position of strength, to take on both the obligations and the opportunities which lay ahead.

Key highlights are summarised as follows.

Membership

This past year has been an incredibly difficult time for many members. They continue to work harder than ever and we are committed to guiding and supporting them, to the very best of our abilities, through the myriad of challenges they are facing.

In 2020-21, the Institute achieved its highest renewal rate, reversing a declining trend from previous years.

We continued to deliver unprecedented value and technical support to members. From timely webinars to digestible infographics, when it comes to critical tax matters there has been an abundance of information and resources members could freely access. This includes over 35 hours of free CPD in the last year.

Our member engagement platforms were strengthened with the launch of Community and TaxVibe. Community is an online forum for members to connect, collaborate and talk tax in real time. TaxVibe is our regular podcast, hosted by our Senior Advocate, Robyn Jacobson, CTA. Over the past 12 months, we have showcased some of the tax professions leading experts and thought leaders through this platform.

With many more benefits in the pipeline, members can look forward to even more value and support as we move forward.

Tax policy and advocacy

Throughout the last twelve months we have continued to reshape the Tax Policy and Advocacy (TPA) team to provide the best support for our members and the tax system. We onboarded a new General Manager of Tax Policy and Advocacy, Scott Treatt, CTA, to lead a new member focussed vision for the TPA team, improving the tools and resources available for members. The team has already improved transparency of its activities. The coming year will see further improvements to members' ability to interact with the TPA team and technical committees and participate in shaping The Tax Institute's views as put forward in submissions.

Consultation remains a core activity of the TPA team, particularly with a number of large significant issues impacting our community in the next year, including the implementation of recommendations from the review of the Tax Practitioners Board and the ATO's guidance material for professional service firms. In addition to consultation forums, the team continues to collate submissions and utilise media to influence the direction of policy.

With COVID-19 dominating the environment throughout this period, a significant portion of the TPA team's time has been focussed on various Government support measures. With Robyn Jacobson as the face of these activities, the team has attended numerous consultations, advocated for member issues including the escalation of cases for review, and presented various member-only seminars to provide updates and insights on these measures.

Tax reform has also been a major focus of the TPA team over the past twelve months. The Tax Summit: Project Reform and the subsequent discussion paper, the Case for Change, was an ambitious project initiated by our Director, Tax Policy and Technical, Andrew Mills, CTA (Life). With over 400 members contributing to its development, and 1,200 downloads in the first week after launching, the Case for Change has reached audiences far wider than originally anticipated. The TPA team will continue to actively engage with Treasury and other government stakeholders to drive the importance of tax reform.

This year, we also undertook a review of our national technical committees and implemented a new charter. Over the next twelve months members can look forward to increased transparency of the activities within our technical committees and the establishment of two new committees by way of a Tax Practitioner Committee and an Individuals Committee

We encourage members to continue to engage with the activities of the TPA team via involvement with the Institute and participation in our online Community hub.

People and culture

The wellbeing and safety of our people has been, and will continue to be, our high priority as we respond to new ways of working and living with COVID-19. At times this has been a challenge, yet despite these challenges our people have pulled together and worked hard on initiatives to support our members.

We continue to ask for feedback by way of pulse surveys to keep abreast of our people's needs. We are focused on investing in our people's performance and growth and have set up wellness and culture groups, both of which are focusing on ways to better connect and communicate across the Institute.

We have carefully reviewed roles and teams to ensure a fit with the changing needs of the Institute and our members. This has seen the Institute welcome new people with specialist skills and provided promotion opportunities to existing people to support the achievement of our strategic objectives.

We are enormously proud of the efforts of each and every one of our people during the past twelve months and congratulate them on their adaptability, perseverance and performance to deliver support, knowledge and experiences to our members.

Events and professional development

The way we work, connect, learn, and live has changed. Over the past 12 months, our traditional events business has been significantly disrupted. Whilst many things have changed, our commitment to delivering quality content and value remains paramount.

As our events moved to a virtual world, the new format and flexible delivery options expanded our reach. Our highly respected events program became accessible to all members, regardless of where they were based or what restrictions they may have been working under.

The Institute delivered more than 100 events in 2020-21. With so many highlights, members were spoilt for choice. Notable mentions include: The Tax Summit: Project Reform, which was instrumental in building a Case for Change; the Noosa Tax Retreat, a blend of live-streamed presentations and in-person, interactive workshops and networking opportunities spread across two incredible destinations – Noosa, QLD and Terrigal, NSW; and the local tax clubs and discussion groups, which continue to offer a regular touchpoint that builds and strengthens the local tax community.

The breadth and depth of events offered over the past 12 months is a testament to the commitment and dedication of our volunteer army, and their willingness to share their knowledge, wisdom and insights.

Learning and content

Learning and content at The Tax Institute is on an exciting transformation journey.

Early 2022 will see the launch of our new micro-credentialled pathway to CTA and a new, more accessible way to consume tax technical knowledge.

Our new micro-credentials will enable a program of study to be tailored to individual learner needs. With a reduced time commitment required per unit of study, and no rigid term times, learners can engage and learn when it suits them. Once a learner has completed a unit and successfully passed the assessment, they will receive a digital badge to recognise their efforts.

Learning can commence on demand and can be paused depending on work and life. The interactive and online nature of the content enables a truly any time, anywhere approach.

Our content delivery model and channels are also subject to significant enhancement. The implementation and launch of the new website and content management system will provide a range of new digital capabilities and in turn, a vastly improved experience for our members.

As a result Member Benefits and Tax Knowledge Exchange content will not only be more accessible but will also be curated and showcased in a far more engaging manner than enabled by the previous infrastructure.

We will continue to expand our virtual and online offerings in line with the uplift of video and audio content already added to the portfolio over the last 18 months.

HEPCO Pty Ltd

In March 2021, the Tax Institute commenced operations of a wholly-owned subsidiary, HEPCO Pty Ltd, trading as The Tax Institute Higher Education.

The Tax Institute Higher Education continues to deliver our education programs comprising the Graduate Diploma of Applied Tax Law, CTA Program, Tax Agents Program and an array of single subjects.

Importantly, the offering under The Tax Institute Higher Education continues to be accredited with TEQSA and meets the Tax Practitioners Board requirements for Board approved courses.

The establishment and transition to HEPCO has enabled greater focus on ensuring our education programs meet the high academic quality the profession has come to expect.

Marketing

It has been a year of marketing transformation and a new chapter in how we interact and engage with our members. A major focus has been upgrading our marketing tools and technology to future proof our efforts. This year we focused on a website upgrade, a once in a decade endeavour to enhance our members experience. We also refreshed The Tax Institute brand, giving a more vibrant and energetic look that more accurately reflects the work we do and the members we represent.

In tandem with the rebrand, and in another first for the Institute, a member value proposition was established: The Home of Tax. This was a crucial development and has helped focus key messages in our marketing and business initiatives.

Major projects have included the **annual renewals** campaign; launching **Tax Summit '21**; creating bespoke, free member content such as the **Federal Budget 2021-22 report**, webinars and video explainers; commencing an always-on **member acquisition** campaign; and delivering **the Case For Change**, with associated Project Reform event, as a polished and engaging piece of advocacy work.

A new media strategy was also created to cater for our growing need for a continuous media presence. As well as building new relationships with key media, including the AFR, ABC, SMH/The Age and the broader News Corp titles, we have continued our close relationship with Accountants Daily. We are now proactive in our approach and reactive when relevant stories arise, resulting in a significant increase in positive media coverage. This also allows us to showcase our thought leadership initiatives and positions the Institute as the invaluable voice of the tax profession.

Technology

Our technological advancements have continued to be a focus, particularly working with key areas of the Institute to deliver our offerings online and virtually in response to COVID-19. A significant area of focus has been the commencement of the website upgrade project to future proof our initiatives and maximise the user experience for our members.

Technology has also been a key enabler for our recent renewals campaign, using data analytics tools to provide valuable member insights. We have applied technology solutions to support rolling memberships and new member retention initiatives, making an ongoing connection between the Institute and our valued members more streamlined than ever.

This year, we have begun to develop an organisational cyber security strategy to help protect data and secure our content. We also continue to provide training and awareness to our staff on cyber security threats and issues to minimise risks.

A continued focus is on our current suite of applications to ensure they are relevant and fit for purpose to support our needs.

Financials

The Institute has continued to build on the positive financial results achieved in recent years and has once again delivered a healthy surplus of $1,020,981. Whilst the impact of COVID-19 saw revenue in our CPD & events business decline by one third, government stimulus enabled us to maintain our staff levels and maintain delivery of high value content to our members and the tax community. Positive investment returns have contributed to these results and allow the Institute to continue to make investments in new technologies, products and services which will benefit all members.

Our volunteers remain as steadfast as ever in helping us adjust and adapt to life in a pandemic-influenced operating environment. I applaud and thank them for their desire to 'pay forward' their experience, knowledge and wisdom to those who look up to them in their firms, as well as geographical and professional communities.

Under the diligent and watchful eye of our Board we have prospered in this period. I want to thank our Board members, as they too act in a voluntary capacity, as well as my team at the Institute who have shown themselves to be resilient as individuals, and highly invested as teams and working groups. Their professionalism continues to take The Tax Institute to new heights.
I remain proud and excited to support, encourage and facilitate all of our volunteers and staff in their personal growth and development as we reinforce our position as The Home of Tax.

Giles Hurst

Board of Directors

David Earl
BCom, LLB(Hons), LLM, FTI

Qualifications
Australian Legal Practitioner

Experience
National Council member since January 2018

Responsibilities
- Chair, Risk & Governance Committee
- Member, VIC State Council since 2017

Peter Godber
BCom, LLM, FCA, CTA, MAICD

Qualifications
Chartered Accountant, Solicitor

Experience
National Council member since January 2014

Responsibilities
- President
- Member, Finance, Investment & Audit Committee since 2017
- Member, Nominations Committee since 2015
- Member, QLD State Council since 2003
- Director, HEPCO Pty Ltd

Leonard Hertzman
M(Tax), LLB, CTA

Qualifications
Admitted as a lawyer in Western Australia and Ontario, Canada

Experience
National Council member since January 2016

Responsibilities
- Member, Risk & Governance Committee since 2018
- Member, WA State Council since 2008

Margaret Marshall
BBus, FCA, M(Tax), CTA

Qualifications
Chartered Accountant

Experience
National Council member since January 2016

Responsibilities
- Treasurer
- Chair, Finance, Investment & Audit Committee 2021
- Member, TAS State Council since 2013
- Director, HEPCO Pty Ltd

Timothy Sandow
BCom, LLB, CTA, FCA

Qualifications
Chartered Accountant

Experience
National Council Member since January 2018

Responsibilities
- Chair, Disciplinary Committee since 2018
- Chair, Strategic Advisory Committee since 2020
- Member, Risk & Governance Committee since 2020
- Member SA State Council since 2007

Jerome Tse
LLM, LLB BCom, CTA

Qualifications
Australian Legal Practitioner

Experience
National Council member since January 2017

Responsibilities
- Vice President
- Member, Nominations Committee since 2021
- Member, Finance, Investment & Audit Committee since 2020
- Member, NSW State Council since 2013
- Director, HEPCO Pty Ltd

Todd Want
BCom(Dean's Scholar), CTA, CA, CPA

Qualifications
Chartered Accountant
Certified Practicing Accountant

Experience
National Council member since January 2017

Responsibilities
- Member, Finance, Investment & Audit Committee since 2021
- Director, HEPCO Pty Ltd
- Member, Academic Board since 2020Member, NSW Professional Development Committee since 2012
- Member, NSW State Council since 2014

Paul Banister
BBus(Acc), LLB, FCA, CTA

Qualifications
Chartered Accountant

Experience
National Council member since January 2019

Responsibilities
- Member, Finance, Investment & Audit Committee since 2019
- Member, Professional Standards Committee since 2019
- Member, Qld State Council since 2012 (Chair 2016–2018)

Eddy Moussa
BBus, LLB, M (Tax), CTA

Qualifications
Australian Legal Practitioner

Experience
National Council member since January 2019

Responsibilities
- Member, NSW State Council since 2012 (Chair 2018)
- Member, Nominations Committee since July 2021

Leanne Connor
BBus, Grad Dip FP, CTA, CA, SSA

Qualifications
Chartered Accountant, Chartered Tax Adviser & SMSF Specialist

Experience
National Council member since February 2021

Responsibilities
- Member, Finance, Investment & Audit Committee
- Member, VIC State Council since 2016 (Chair 2017-2019)

Kerryn Divall
BCom, FCPA, GAICD

Qualifications
Certified Practicing Accountant
Graduate, Australian Institute of Company Directors

Experience
Appointed Company Secretary September 2017

Responsibilities
- Company Secretary, Australian Tax Research Foundation appointed September 2017
- Company Secretary, HEPCO Pty Ltd appointed July 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of The Tax Institute (referred to hereafter as the 'Institute' or 'parent entity') and the entities It controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of The Institute during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stuart Glasgow	Appointed 5 February 2015 (ceased 8 December 2020)
Peter Godber	Appointed 1 January 2014
Leonard Hertzman	Appointed 1 January 2016
Margaret Marshall	Appointed 1 January 2016
Timothy Neilson	Appointed 1 January 2013 (ceased 8 December 2020)
Jerome Tse	Appointed 1 January 2017
Todd Want	Appointed 1 January 2017
David Earl	Appointed 1 January 2018
Timothy Sandow	Appointed 1 January 2018
Eddy Moussa	Appointed 1 January 2019
Paul Banister	Appointed 30 January 2019
Leanne Connor	Appointed 17 February 2021

Short-term and long-term objectives

The consolidated entity's short and long-term objectives during 2021 continue to be to:

- advance education in relation to taxation and taxation laws
- advance public knowledge and understanding of taxation laws
- encourage research into the reform of taxation law and be the leading knowledge provider in taxation through our products and services.

The consolidated entity's strategies in 2021 to achieve these objectives included:

- providing a highly sought-after quality taxation education program
- offering a diverse and broad range of continuing professional development opportunities through an event program and publications
- being the authoritative opinion leader in tax policy and administration
- building the Chartered Tax Adviser designation as the gold standard in tax
- supporting our members

Performance measures

The consolidated entity measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial performance of the Institute and whether the objectives are being achieved in a cost-effective manner.

Member's guarantee

The Institute is a company limited by guarantee. In accordance with the Institute's Constitution, each member is liable to contribute $2.00 in the event that the Institute is wound up. The total amount members would contribute at 30 June 2021 would be $18,060.

Principal activities

During the financial year the principal continuing activities of the consolidated entity were the advancement of knowledge and learning of the laws relating to taxation, principally by way of conferences, seminars and meetings support for our members and advocacy.

Our TEQSA regulated education business was transferred during the year to a wholly owned subsidiary with the incorporation of HEPCO Pty Ltd trading as The Tax Institute Higher Education on 22 July 2020. The new entity began trading on 1 March 2021 and continues to deliver higher education services regulated by TEQSA.

No significant change in the nature of these activities occurred during the year.

Operating result

The consolidated profit of the consolidated entity after providing for income tax for the financial year amounted to $1,020,981 (2020 profit for the interim reporting period 1 January 2020 to 30 June 2020: ($29,320) loss). During the year, the operating result incorporates $1,332,050 which the consolidated entity received as part of the government's COVID-19 pandemic stimulus package.

Dividends

The constitution of the parent entity precludes the payment of dividends therefore no dividend has been paid or declared since the commencement of the financial year. HEPCO Pty Ltd is permitted to pay dividends to its shareholder. No dividends have been declared at the date of this report.

Review of operations

The consolidated entity's financial performance was better than budget for the year ended 30 June 2021. The COVID-19 pandemic is having a significant impact on both local and global communities and economies. The Group has assessed the impact of the COVID-19 pandemic on its financial reporting and determined the financial performance for the year ended 30 June 2021 as part of its comprehensive internal risk management program.

Significant changes in state of affairs

On 22 July 2020 the Institute incorporated a wholly owned subsidiary, HEPCO Pty Ltd trading as The Tax Institute Higher Education for the purpose of delivering higher education programs. It commenced operations on 1 March 2021.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Change to reporting period

In the prior financial year Members of the Institute voted to change the reporting period from calendar year to financial year so that the reporting period runs from July to June. The reason for this was to better align reporting with the delivery of products and services within the membership and education courses to be delivered across 3 study periods in a financial year.

This change took effect from 1 July 2020 with an interim reporting period from 1 January to 30 June 2020.

After balance date events

Since the end of the financial year and the date of this report, there has been significant disruption to the global economy as a result of the COVID-19 pandemic. The fundamentals of the consolidated entity remain strong and whilst operations will be affected in the short term, in the opinion of Directors the consolidated entity is well placed to recover from this difficult situation.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Future developments

The consolidated entity is committed to delivering a broad range of practical learning and information services.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnifying officer or auditor

During the financial year the consolidated entity paid a premium for an Associations Liability Insurance policy. This policy provides cover for directors and officers of the consolidated entity to the extent permitted by the Corporations Act 2001. Other than the insurance policy, no indemnities have been given or agreed to be given during or since the end of the financial year, to any person who is or has been a director, officer or auditor of the consolidated entity.

Proceedings on behalf of the consolidated entity

No person has applied for leave of court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

Directors' meetings

Attendance at Board and meetings during the year ended 30 June 2021:

Board of Directors		
Total number of meetings held 6		
Directors	**A**	**B**
Stuart Glasgow	3	3
Peter Godber	6	6
Leonard Hertzman	6	6
Margaret Marshall	6	6
Timothy Neilson	3	3
Jerome Tse	6	6
Todd Want	6	6
David Earl	6	6
Timothy Sandow	6	6
Eddy Moussa	6	6
Paul Banister	6	6
Leanne Connor	3	3

A Meetings eligible to attend as a director
B Meetings attended as a director

Signed in accordance with a resolution of the Board of Directors.

Peter Godber, CTA
Director

Jerome Tse, CTA
Director

Dated in Sydney this 8th day of October 2021

Directors' Declaration

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 20 to 39, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, the Corporations Act 2001*, and other mandatory professional reporting requirements and:

   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as they become due and payable..

This declaration is made in accordance with a resolution of the Board of Directors.

Peter Godber, CTA
Director

Jerome Tse, CTA
Director

Dated in Sydney this 8th day of October 2021

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Australia

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8 October 2021

The Board of Directors
The Tax Institute
Level 37, 100 Miller Street
North Sydney NSW 2060

Dear Board Members

The Tax Institute

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the Directors of The Tax Institute.

As lead audit partner for the audit of the financial report of The Tax Institute for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

Financial Report

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	12 months 30 June 2021	6 months 30 June 2020
		$	$
Revenue	2	15,040,460	8,145,443
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss	8	654,108	(271,174)
Employee benefits expenses		(8,573,449)	(3,876,976)
Depreciation and amortisation expenses	3	(1,748,419)	(922,319)
CPD events and member services expenses		(1,679,076)	(1,588,302)
Occupancy expenses		(365,387)	(235,907)
Travel expenses		(79,150)	(124,724)
Publicity and promotion		(463,984)	(372,937)
Merchant fees		(140,268)	(94,995)
Interest expense on lease liabilities		(131,387)	(91,736)
Administration expenses		(1,395,809)	(595,693)
Profit / (Loss) before income tax expense		1,117,639	(29,320)
Income Tax Expense	5	(96,658)	–
Profit / (Loss) after income tax expense		1,020,981	(29,320)
Other comprehensive income, net of tax		–	–
Total comprehensive income		**1,020,981**	**(29,320)**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of financial position

As at 30 June 2021

	Note	30 June 2021	30 June 2020
		$	$
CURRENT ASSETS			
Cash and Cash Equivalents	6	7,042,321	6,369,645
Trade and Other Receivables		152,099	203,477
Prepayments		496,095	394,728
Inventory		16,810	19,109
TOTAL CURRENT ASSETS		**7,707,325**	**6,986,959**
NON-CURRENT ASSETS			
Financial Assets	8	4,090,984	3,447,368
Prepayments		2,682	3,553
Deferred Tax Asset	7	170,594	–
Plant and Equipment	9	720,060	928,869
Intangible Assets	10	1,395,451	956,215
Right-of-Use-Asset	11	1,381,304	2,309,085
TOTAL NON-CURRENT ASSETS		**7,761,075**	**7,645,090**
TOTAL ASSETS		**15,468,400**	**14,632,049**
CURRENT LIABILITIES			
Trade and Other Payables	12	1,376,332	763,934
Income in Advance	13	6,331,521	6,590,082
Employee Benefits Provisions	16	378,596	234,310
Lease Liabilities	15	420,227	906,668
Provision for Income Tax	5	267,252	–
TOTAL CURRENT LIABILITIES		**8,773,928**	**8,494,994**
NON-CURRENT LIABILITIES			
Lease Make Good Provision	14	194,303	220,966
Employee Benefits Provisions	16	46,874	63,548
Lease Liabilities	15	1,087,649	1,507,876
TOTAL NON-CURRENT LIABILITIES		**1,328,826**	**1,792,390**
TOTAL LIABILITIES		**10,102,754**	**10,287,384**
NET ASSETS		**5,365,646**	**4,344,665**
EQUITY			
Retained Earnings		5,365,646	4,344,665
TOTAL EQUITY		**5,365,646**	**4,344,665**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of changes in equity

For the year ended 30 June 2021

	30 June 2021	30 June 2020
	$	$
Retained Earnings		
Opening retained earnings	4,344,665	4,373,985
Net Profit / (Loss) after income tax expense	1,020,981	(29,320)
Other comprehensive income, net of tax	–	–
Total comprehensive income	1,020,981	(29,320)
Closing retained earnings	**5,365,646**	**4,344,665**

The accompanying notes form part of these consolidated financial statements.

Statement of cash flows

For the year ended 30 June 2021

	12 months 30 June 2021	6 months 30 June 2020
	$	$
Cash flows from operating activities		
Receipts from members and others	16,219,867	10,601,624
Payments to suppliers and employees	(13,457,318)	(7,375,738)
Interest Received	15,417	4,283
Net cash provided by operating activities	**2,777,966**	**3,230,169**
Cash flows from investing activities		
Franking credits received	10,492	–
Payment for plant and equipment	(39,576)	(201,991)
Payment for intangible assets	(1,011,490)	(189,395)
Net cash (used in) investing activities	**(1,040,574)**	**(391,386)**
Cash flows from financing activities		
Repayment of Lease liability	(1,064,716)	(510,328)
Net cash (used in) financing activities	**(1,064,716)**	**(510,328)**
Net Increase in cash and cash equivalents	672,676	2,328,455
Cash at beginning of the financial year	6,369,645	4,041,190
Cash at end of the financial year	**7,042,321**	**6,369,645**

The accompanying notes form part of these consolidated financial statements.

Notes to financial statements

For the year ended 30 June 2021

Note 1. Statements of significant accounting policies

The consolidated financial statements for the year ended 30 June 2021 were authorised for issue by a resolution of the Directors on 8th October 2021.

The financial report covers the consolidated entity of The Tax Institute and the controlled entity HEPCO Pty Ltd. The Institute is a company limited by guarantee. HEPCO Pty Ltd Is a company limited by shares, both incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretation issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profit Commission Act 2012* as appropriate for not-for-profit oriented entities.

The consolidated financial statements have, except for cash flow information, been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of material subsidiaries of the Tax Institute ('company' or 'parent entity') as at 30 June 2021 and the results of the subsidiary for the year then ended. The Tax Institute and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts are received that are subject to the constraining principle are recognised as a refund liability.

Membership Revenue
Membership subscriptions are recognised as revenue pro rata over the period of the membership. Revenue from members received in advance is deferred to the period to which it relates and is included as Income in Advance in the Statement of Financial Position.

CPD Event Revenue
Revenue is recognised at a point in time, as events are delivered or as goods are transferred to customers.

Education Revenue
Revenue is recognised over time, being over the study period.

Other Revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer Services
The consolidated entity has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is not recognised.

All revenue is stated net of the amount of goods and services tax (GST).

Plant and equipment
Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation
Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20.0%-33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Make good provision on leased premises
Costs required to return the premises to its original condition as set out in the lease agreement are recognised as a provision in the financial statements.

Intangible assets
Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Course development and education assets
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development and its costs can be measured reliably. Capitalised intangible development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years. Capitalised course development costs are amortised on a straight-line basis over their expected benefit, being their finite life of three years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of

their expected benefit, being their finite life of three or five years.

Right-of-use assets and lease liabilities

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and subsequent measurement financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

i. Financial assets held at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Employee benefits

Short term employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs.

Other long-term employee benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to an employee superannuation fund and are charged as expenses when incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash Flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Income tax

The Institute is exempt for income tax purposes under Section 50-5 of the *Income Tax Assessment Act of 1997*, while HEPCO Pty Ltd Is subject to Income tax.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Trade and other payables

These amounts represent liabilities for goods or services provided to the consolidated entity prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

Critical accounting estimates and judgements

The consolidated entity evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Institute.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Key Estimates – Impairment

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. No impairment has been recognised for the financial year 30 June 2021.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease Term

The lease term is a significant component in the measurement of both the right-of-use-asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty than an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental Borrowing rate

Where the interest rate implicit in a lease cannot be determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Income tax

The parent entity is exempt from income tax and the subsidiary entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

New accounting standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	Consolidated	
	12 months 30 June 2021	6 months 30 June 2020
	$	$
Note 2. Revenue		
Operating Activities		
Membership Services including Education	9,541,654	4,800,669
Rendering of services (CPD and Events)	2,761,452	1,988,490
Sales of publications	438,100	307,400
Advertising	104,631	–
	12,845,837	**7,096,560**
Interest income	15,417	4,283
Government Grants	1,332,050	516,500
Rental Income	670,477	431,637
Other Income	176,679	96,463
	2,194,623	1,048,883
Total revenue	**15,040,460**	**8,145,443**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	12 months 30 June 2021	6 months 30 June 2020
	$	$
Membership services	6,291,249	3,252,431
Education	3,427,084	1,644,701
CPD and Events	2,761,452	1,988,491
Sales of publications	438,100	307,400
	12,917,885	**7,193,023**

Timing of recognition

	Consolidated	
	12 months 30 June 2021	6 months 30 June 2020
	$	$
Goods and Services transferred at a point in time	3,226,050	2,238,553
Services transferred over time	9,691,835	4,954,470
	12,917,885	**7,193,023**

	Consolidated	
	12 months 30 June 2021	6 months 30 June 2020
	$	$
Note 3. Profit from ordinary activities		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses		
Superannuation expense		
– Defined contribution superannuation expense	691,400	285,006
Depreciation and amortisation of non-current assets		
– plant and equipment	224,407	107,583
– Intangible assets	572,255	227,385
– write-off of asset no longer held	23,976	–
– Right of use asset	927,781	587,351
	1,748,419	**922,319**
Remuneration of auditor		
– audit	45,300	18,600
– other services	4,404	3,608
	49,704	**22,208**

Note 4. Dividends

The parent company's constitution precludes the payment of dividends. No dividend has been paid or declared since the commencement of the financial year.

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Note 5. Income Tax		
a) Amounts recognised in profit or loss		
Current year tax expense	267,252	–
Deferred tax expense	(170,594)	–
Income tax expense	**96,658**	**–**
Deferred income tax expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (note 7)	(170,594)	–
	(170,594)	**–**
(b) Numerical reconciliation of income tax expense and tax at the statutory rate:		
Profit before income tax expense:		
The Tax Institute (exempt from income tax)	745,876	
HEPCO Pty Ltd	371,763	
	1,117,639	
Tax at the statutory tax rate of 26%	**96,658**	**–**
Tax effect of permanent difference	**–**	**–**
Income tax expense	**96,658**	**–**

	30 June 2021	30 June 2020
Note 6. Cash and cash equivalents		
Cash at bank and on hand	6,266,203	5,593,527
Short term deposits	776,118	776,118
	7,042,321	**6,369,645**

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Note 7. Deferred Tax Assets		
(a) Deferred tax asset comprises temporary difference attributable to:		
Amounts recognised in the profit or loss:		
– Accrued income	271	–
– Prepayments	4,473	–
– Accrued expenses	14,516	–
– Income in Advance	135,962	–
– Provision for employee entitlements	15,372	–
Deferred Tax Asset	**170,594**	
(b) Reconciliation		
Opening balance	–	–
Amounts recognised in profit or loss	170,594	
Closing balance	**170,594**	

	30 June 2021	30 June 2020
Note 8. Financial Assets		
NON-CURRENT		
Financial asset – designated at fair value through profit or loss	4,090,984	3,447,368
	4,090,984	**3,447,368**
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	3,447,368	3,718,542
Revaluation increments	643,616	(271,174)
Closing fair value	**4,090,984**	**3,447,368**

	Consolidated	
	30 June 2021	30 June 2020
	$	$

Note 9. Plant and Equipment

Plant and Equipment – at cost	3,592,605	3,577,008
Less: Accumulated Depreciation	(2,872,545)	(2,648,139)
Total Plant and Equipment	**720,060**	**928,869**
	Plant and Equipment	**Total**
Movements in carrying amounts.	$	$
Movement in carrying amounts for each class of plant and equipment between the beginning and the end of the financial year.		
Balance at the beginning of the year	928,869	870,803
Additions	39,576	201,991
Less: Asset written off – no longer held	(23,978)	–
Depreciation or amortisation expense	(224,407)	(143,925)
Carrying amount at the end of the year	**720,060**	**928,869**

	30 June 2021	30 June 2020
	$	$

Note 10. Intangible Assets

Education Course Development – at cost	1,233,131	483,981
Less: Accumulated Amortisation	(398,665)	(349,910)
Total Education Course Development	**834,467**	**134,071**
	Intangible Assets	**Total**
Movements in carrying amounts	$	$
Movement in carrying amounts for intangible assets between the beginning and the end of the financial year.		
Balance at the beginning of the year	134,071	80,952
Additions	749,151	75,460
Amortisation expense	(48,755)	(22,341)
Carrying amount at the end of the year	**834,467**	**134,071**

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Software Projects – at cost	3,048,161	2,785,821
Less: Accumulated Amortisation	(2,487,177)	(1,963,676)
Total Software Projects	**560,984**	**822,145**
	Intangible Assets	Total
Movements in carrying amounts	$	$
Movement in carrying amounts for intangible assets between the beginning and the end of the financial year.		
Balance at the beginning of the year	822,145	913,252
Additions	262,339	113,935
Amortisation expense	(523,500)	(205,042)
Carrying amount at the end of the year	**560,984**	**822,145**
Total intangible assets	**1,395,451**	**956,216**

	30 June 2021	30 June 2020
	$	$
Note. 11 Right-of-use-assets		
Right-of-use-assets	3,631,781	3,631,781
Less: Accumulated Amortisation	(2,250,477)	(1,322,696)
Total Right-of-use-asset	**1,381,304**	**2,309,085**

The entity leases premises for its head office under agreements of five years with, in some cases, an option to extend. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

	30 June 2021	30 June 2020
	$	$
Note 12. Trade and Other Payables		
CURRENT		
Trade payables	258,690	221,355
Accrued salaries	691,745	174,992
Goods & services tax - net	354,797	338,449
Accruals and other payables	71,100	29,138
	1,376,332	**763,934**

	Consolidated	
	30 June 2021	30 June 2020
	$	$
Note 13. Income in Advance		
Membership Fees	4,749,820	5,009,187
Event registrations	410,109	339,175
Education enrolments	522,932	403,130
Publication subscriptions	595,162	827,139
Other	53,498	11,451
	6,331,521	**6,590,082**

	30 June 2021	30 June 2020
Note 14. Lease Make Good Provision		
NON-CURRENT		
Lease make good	194,303	220,966
	194,303	**220,966**

Lease make good

The provision represents the present value of the estimated costs to make the premises leased by the consolidated entity at the end of the respective lease terms.

	30 June 2021	30 June 2020
Movements in carrying amounts.		
Movement in carrying amounts for make good provision between the beginning and the end of the financial year.		
Carrying amount at the start of the year	220,966	35,916
Additional provision recognised	2,573	185,050
Amounts used	(8,647)	–
Unused amounts reversed	(20,589)	–
Carrying amount at the end of the year	**194,303**	**220,966**

	30 June 2021	30 June 2020
Note 15. Lease Liability		
CURRENT		
Lease Liability	420,227	906,668
NON-CURRENT		
Lease Liability	1,087,649	1,507,876
	1,507,876	**2,414,544**

	30 June 2021	30 June 2020
Note 16. Provisions		
CURRENT		
Employee benefits	378,596	234,310
NON-CURRENT		
Employee benefits	46,874	63,548
Aggregate employee benefits	**425,470**	**297,858**
a. Number of employees at year end	**63**	**61**

Note 17. Controlled entities

Australian Tax Research Foundation (ATRF)

The Institute took over administrative responsibility for the ATRF in 2002. Before 2009, the Institute did not exercise control over the ATRF and the ATRF continued to be run as an independent organisation with an independent board.

In late 2009, the Institute took over control of the ATRF and appointed new directors to the ATRF Board.

It is in the opinion of the consolidate entity's directors that given the immateriality of the ATRF's operations, assets and liabilities, consolidating the ATRF into the consolidate entity's results would not lead to more meaningful information being provided to the users of the Institute's Financial Report.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2021	2020
Name	Country of incorporation	%	%
HEPCO Pty Ltd	Australia	100%	0%

Note 18. Financial risk management objectives and policies

The consolidated entity's principal financial instruments comprise receivables, payables, financial assets held at fair value through profit or loss, cash and short- and long-term deposits.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The consolidated entity's uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly, or indirectly

Level 3: Unobservable Inputs for the asset or liability

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
Consolidated 2021					
Financial Assets					
Financial assets at FVTPL	8	4,090,984			4,090,984
Consolidated 2020					
Financial Assets					
Financial assets at FVTPL	8	3,447,368			3,447,368

There were no transfers between levels during the year.

Note 19. Members' guarantee

The Institute is a company limited by guarantee. Every member of the Institute undertakes to contribute to the assets of the consolidated entity in the event of its being wound up while he/she is a member or within one year afterwards for the payment of the debts and liabilities of the consolidated entity contracted before he/she ceases to be a member and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves such amount as may be required not exceeding two dollars ($2.00).

Note 20. Related party transactions

Key management personnel

Total Remuneration for key management personnel

	Consolidated	
	12 months 30 June 2021	6 months 30 June 2020
	$	$
CEO (including an at-risk component)	470,194	336,339
Other key management	1,322,710	682,791
Total remuneration	**1,792,904**	**1,019,130**

Directors' remuneration

The Directors of The Institute are not remunerated. The 2021 President Peter Godber received an amount of $105,079 (inc gst) in 2021 for services rendered to the Institute. In 2020, The President, Peter Godber received an amount of $51,949 (inc gst) for the period 1 January to 30 June 2020 for services rendered to the Institute.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 21. Events after the reporting date

Since the end of the financial year and the date of this report, there has been significant disruption to the global economy as a result of the COVID-19 pandemic. The fundamentals of the consolidated entity remain strong and whilst operations will be affected in the short term, in the opinion of Directors the consolidated entity is well placed to recover from this difficult situation.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 22. Contingent liabilities and contingent assets

As at 30 June 2021 there are guarantees provided by National Australia Bank of $776,118 (2020: $776,118) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date. (2020: Nil)

The consolidated entity had no commitments for expenditure as at 30 June 2021. (2020: Nil)

Note 23. Company details

The registered office and principal place of business of the company is:

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Independent Auditor's Report to the Members of The Tax Institute

Opinion

We have audited the financial report of The Tax Institute (the Institute) and its subsidiary (together called the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors' are responsible for the other information. The other information comprises the information contained in the Group's Annual Report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

8 October 2021
Sydney

Contact details

Leadership Team

Giles Hurst	Chief Executive Officer
Alexandra Wilson	Executive General Manager – HEPCO
Sharon Kells	General Manager – Engagement
Kerryn Divall	General Manager – Finance and Corporate Services
Joanna Price	General Manager – People and Business Solutions
James Patterson	General Manager – Commercial Transformation
Scott Treatt	General Manager – Tax Policy and Advocacy

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The Tax Institute

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